

## LNF & IHCIF Calculations Illustration

### - SANTA FE in Albuquerque area -

#### Given Data

- 18,154 = 1998 user count
- \$2,980 = National average cost per person (not including wrap-around costs)
- 23% = % Expenditures on purchased services, 77% = % expenditures in-house
- 95.9% = Cost index for purchasing health care in this geographic area
- 94.1% = Size cost index for in-house costs due to small or large size
- 97.9% = Albuquerque area cost index for health status above or below average

#### Cost Adjustment Calculations

- \$652 per person for purchased services =  $23\% * 95.9\% * \$2,980$
- \$2,164 per person for in-house services =  $77\% * 94.1\% * \$2,980$
- \$2,816 per person total = \$652 (purchase) + \$2,164 (in-house)
- **\$2,758 per person total** adjusted for health status =  $\$2,816 * 97.9\%$
- **\$2,013 per person net cost** =  $\$2,758 - \$745$  Other resources (M&M&PI)

#### Existing Expenditures (for 18,154 users excluding wrap-around and collections)

- \$1,025 per person = local IHS allowance (excludes \$ for wrap-around)
- \$162 per person = expenditures elsewhere in Albuquerque area on behalf of area users
- \$54 per person = expenditures elsewhere in IHS on behalf of IHS users
- **\$1,241 per person for OU users** =  $\$1,025 + \$162 + \$54$

#### LNF Calculation

- **45.0% Gross LNF** =  $\$1,241$  (expenditures) /  $\$2,758$  total cost (ignoring Medicare, Medicaid, PI spending on behalf of OU users)
- **61.7% Net LNF** =  $\$1,241 / \$2,013$  net cost ( $\$2,758 - \$745$  other)

#### IHCIF Allocation

- \$0 = \$ to raise LNF% from 61.7% to 60%
- \$258,040,100 = aggregate \$ to raise all locations to 60%
- 3.488% IHCIF fraction =  $\$9,000,000$  fund /  $\$258,040,100$  needed
- **\$0 Allocation** = \$0 needed for 60% \* 3.488% IHCIF fraction

#### SANTA FE Unmet Needs

- **\$36,539,516 Net Total Need** = 18,154 users \* \$2,013 net cost
- **\$14,010,154 Net Unmet Need** =  $(100\% - 61.7\% \text{ LNF}) * 18,154 \text{ users} * \$2,013 \text{ net cost}$